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Honest dollars

Chicago

1896

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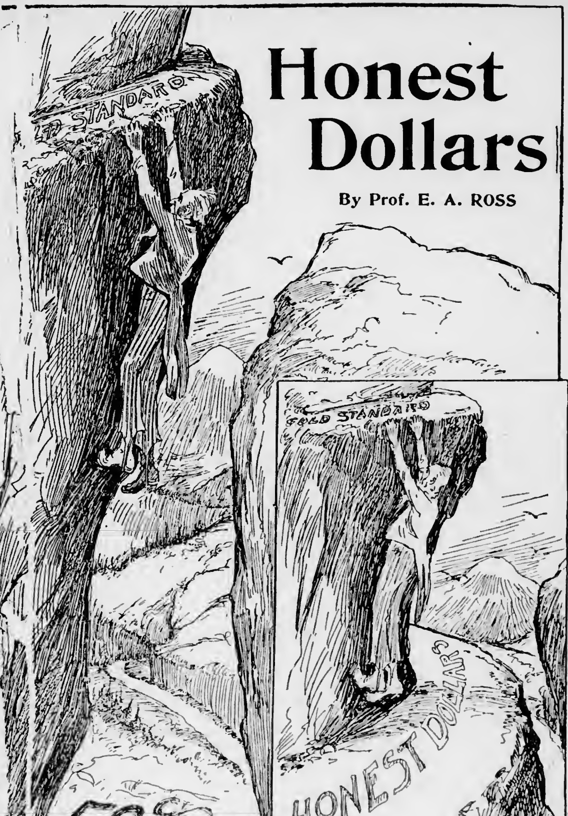
Honest Dollars

By Prof. E. A. ROSS



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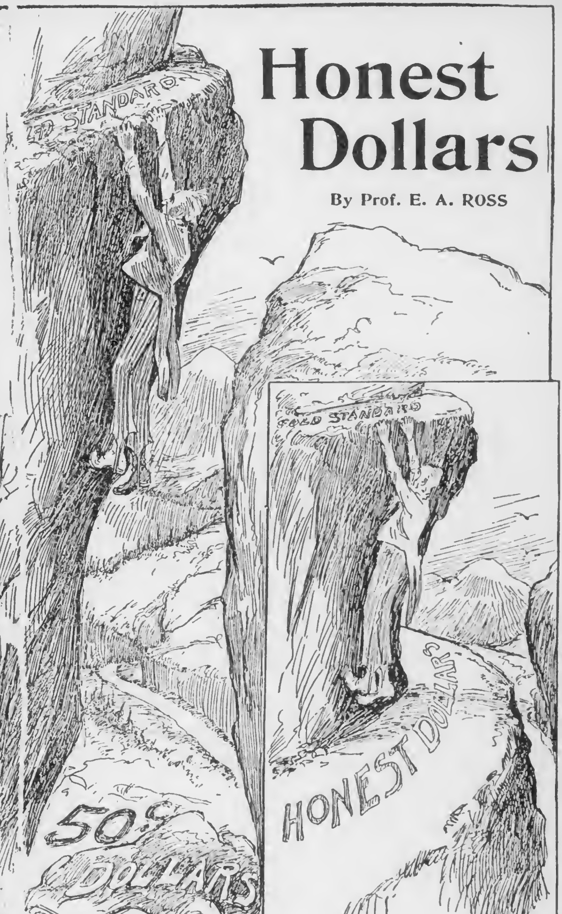

HONEST DOLLARS

BY

EDWARD A. ROSS

Professor of Economic Theory and Finance in Leland Stanford, Jr., University; Secretary of the American Economic Association, 1892-93

CHICAGO
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56 FIFTH AVENUE
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No. A

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I dedicate this little book to thinking men.

E. A. Ross.

HONEST DOLLARS.

"But thou shalt have a perfect and just weight, a perfect and just measure shalt thou have."—DEUTERONOMY xxv. 15.

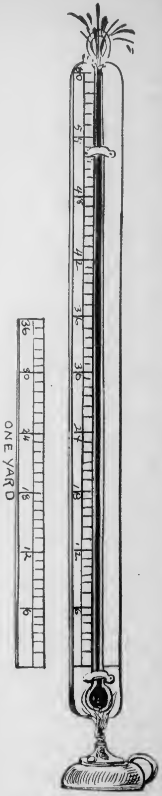
MONEY has two functions: To be a medium of exchange and to be a standard of value in the payment of debt. Money fulfills the first function best when all its parts circulate at a parity; when its value is uniform in all parts of the country; when it can be conveniently handled in any sum; and when it can be used in international trade. The present money of the United States, composed of gold, of greenbacks, and of banknotes, silver and silver certificates, kept at a parity with gold, has all the qualities of a good medium of exchange, and nobody finds fault with it. But as a standard of value it shows the gravest defects; while it is "sound money" it is not honest money.

An honest dollar, like an honest gallon or an honest yard-stick, is simply a JUST STANDARD. A just measure of value you get in the same way that you get a just measure of capacity. It makes no difference how many pecks there are in a bushel—three, four or eight. If we had an eight-peck bushel prices and transactions would adjust themselves to it as they do now to the four-peck bushel. The main

thing is, that when you have once got a given number of pecks in a bushel, that you stick to that number. It is not absolute size, but change, that makes a bushel unjust and dishonest. Likewise A JUST MEASURE OF VALUE MEANS A MEASURE THAT IS CONSTANT, be there much or little value in it. It must not change from time to time, or somebody will be cheated.

But how can you keep your measure of value constant? "A very simple thing," I hear some people say: "keep in your dollar the same number of grains of metal and you are sure to have a constant measure of value. If year after year the dollars are made of the same weight of gold or silver the dollar will be honest."

But is this so? In the tower of London is kept a bar of metal known as the "standard yard," and from time to time copies of this yard are taken to be used in the custom houses and elsewhere. These copies are taken in the presence of scientific men, to insure accuracy. Now, suppose some day they find



TAKE YOUR CHOICE.

that somebody has lopped a piece off the end of this bar, might not some muddle-headed person say: "True, the bar is shorter, but being still of the same substance and thickness, they can safely neglect any loss in length, and can practically regard the bar as the same." Would not the answer be, that the important thing about this bar is just its LENGTH, and not its thickness or the material of which it is made?

WHAT MAKES A DOLLAR HONEST?

Likewise an important thing about a dollar is not its weight or substance. You tell me the dollar has all the time been 23.2 grains of fine gold, and my answer is: Well, what of it? The important thing about the dollar is its VALUE, and this depends upon its use. One man wants a dollar to melt up into rings or watch-chains, in which case you can insure him a constant value only by keeping the same quantity of metal in it. But this is the one man in ten thousand. Everybody else wants a dollar not to melt, but to pass on—i. e., to buy things with it. That being the case, it is just as irrelevant to point out that the dollar is year by year of the same weight and metal as it is to point out that the standard yard is still of the same thickness and material. What do we care for thickness or material so long as the yard is constant in length, or for weight or material so long as a dollar is constant in purchasing power?

As the universal use of a dollar is to buy things with, a constant measure of value is a dollar of

CONSTANT AND UNIFORM PURCHASING POWER. This means power to purchase whatever we want—provisions, fuel, clothing or labor. If from time to time the miller got fewer dollars for his flour, the baker fewer dollars for his loaves, the miner fewer dollars for his coal, etc., we should say that the dollar has gained in its purchasing power. If, on the other hand, a man can buy less clothing and furniture, or fewer shirts and car rides for his dollar, we should conclude that the dollar has decreased in its general purchasing power.

Just here the question comes up: "Does one article count as much as another?" If the dollar fetches one-half as much wheat as formerly, but buys twice as much indigo, shall we say that these two balance each other, and that the dollar is the same in purchasing power? No. Because people spend more money for wheat than for indigo, and hence they are not compensated for the dearness of wheat by getting twice as much indigo. It is, therefore, an honest dollar that stays constant in its power to purchase for the average man. If the average man receives a yearly income of, say, $600 and that keeps him in the same condition of comfort from year to year, you have what I call an honest dollar.

PURCHASING POWER AND PRICE.

Nobody ever quotes purchasing power, but we all know about prices. What, now, is the relation of purchasing power to price?

Purchasing power and price are THE SAME

THING, seen from different sides. In comparing a boy to a man, in respect to weight, we can say that the man weighs three times as much as the boy,

or that the boy weighs one-third as much as the man. In either case we have a ratio which is the same—namely, 3 to 1. Now, purchasing power means the power of the dollar over goods; price means the power of the goods over the dollar. We can say that the price of a hat is $3, or that the purchasing power of the dollar is one-third of the hat. In both

cases we are simply expressing the exchange ratio of dollars to hats—namely, 3 to 1. It is clear, then, that as purchasing power goes down price goes up; or, as price goes down purchasing power goes up. If purchasing power is constant, so are prices. Therefore, to obtain honest dollars you must have a UNIFORM LEVEL OF PRICES.

Right here comes the fallacy that meets us everywhere. Scores of times you hear it said: "We must have the best dollar, the dollar that will buy the most." "Nothing but the best dollar will do for the American farmer and workingman." This sounds very noble and inspiring, doesn't it? We Americans do want the best shoes and the best shirts and the best food, and will not put up with the food that will do for the Mexican peon or the Chinese coolie. So likewise we must have "big dollars that will go farther and farther." Now, just translate this phrase, "best dollar." Do we want the longest yard-stick or the heaviest pound? Is a five-quart gallon better than one of four quarts? Is a forty-inch yard-stick better than a thirty-six-inch yard? Of course not. The best yard, the best pound, the best gallon is one that does not vary, that will not cheat us; and THE BEST DOLLAR is not the heaviest dollar or the dollar that goes farther and farther year by year, but simply THE JUSTEST DOLLAR. Imagine a farmer who is selling his load of potatoes exclaiming: "Hold on, there! Are you going to measure my potatoes with a measly four-peck bushel? That may do for the European peasants, but for an Ameri-

can farmer like me nothing but the biggest kind of a bushel will do. I am going to measure these potatoes in an eight-peck bushel!" Away, then, with the solemn cant about the "best dollar!"

NUMBER CUTS A FIGURE IN MEASURING VALUE.

We have now to note a difference between a measure of value and other measures. You put before a boy a foot rule and a board and he can compare them and tell you there are ten foot-lengths in a board, but if you put $1 alongside the board and ask

TEN FEET LONG.

him to compare the $1 and the board, can he do it? Could you, if you had no knowledge of the lumber market? Take the value of a horse measured in dollars. Suppose the number of dollars in a country be doubled, will that affect the price of the animal? Suppose the number of the horses be doubled, will that disturb the exchange notes between dollars and horses? Certainly. On the other hand, does the number of foot rules and half-

WHAT'S LUMBER WORTH!

bushels in any way affect the number of inches in a board or of bushels in a bin? Certainly not. In fact, when we compare things, not in respect to their own qualities, such as length or weight, but in respect to relative value, we always find the LAW OF SUPPLY AND DEMAND governing. You can readily compare a basket of potatoes and a basket of peaches in respect to weight, but when you want to compare them in respect to value you have got to take into account the crop or supply of each and the demand for each. The law of supply and demand governs the exchange ratio of hats and caps, of coal and cordwood, of copper and steel, and likewise of dollars and goods—i. e., it controls price and purchasing power.

Often you hear it said: "There are already enough dollars to do the business of the country and to measure the value of its products. To make a lot more dollars would be as silly as to double the number of bushel baskets or of yard-sticks." But if what I have just said is true, the number of dollars has A GOOD DEAL to do with the honesty of the dollar, while the number of yard-sticks has nothing to do with the honesty of the yard-stick.

The prices in a country, therefore, depend upon the demand and supply of dollars, or, better yet, upon the demand and supply of MONEY WORK. The more rapidly the dollars go from hand to hand the more work they do, just as the more trips the locomotive makes the greater its "duty." The supply of money work depends upon two factors—upon the number of dollars and upon the average rapidity of

circulation. If dollars passed from hand to hand twice a week instead of once a week the effect would be the same as doubling the number. Now the demand for money work depends upon four chief factors. There is, first, the quantity of wealth. Other things remaining the same, the more wealth to be exchanged the lower the range of prices. Then the more hands this wealth passes through on its way to the consumer the more business, and hence the greater need of money. The need is lessened, on the other hand, by a resort to barter and by the use of credit. Number and efficiency of dollars, quantity of wealth, number of exchanges, use of barter, use of credit—these, then, are the SIX FACTORS in determining the level of prices.

SHOULD WE TRY FOR THE HONEST DOLLAR?

Is the government under any obligation to guarantee an honest dollar? We find that all civilized governments feel under obligation to guarantee the yard-stick, pound or gallon, and one found using a measure different from the legal pattern can be punished. Thousands of dollars have been spent in sending men to find the length of a degree on the earth's surface in order to derive from it a scientific system of measures. If the government undertakes to guarantee measures of weight or capacity, how much more is it bound to guarantee an honest dollar! Granting this obligation, how is it to be discharged? HOW SHALL THE GOVERNMENT GO ABOUT IT TO MAINTAIN AN HONEST DOLLAR? Why, simply by controlling SOME

ONE of the six factors that control the price level.

Let us take them up separately. In the first place, the government cannot control the quantity of wealth to be exchanged, nor can it control the number of transactions each article gives rise to. It cannot govern the use of barter, nor can it determine the extent to which men shall resort to credit. In fact, to maintain a price level by altering the demand for money work to suit the existing supply would be as absurd as paring a boy's feet down to fit his shoes instead of stretching the shoes to fit the boy's feet. There yet remain the two factors of supply—number of dollars and the rapidity of circulation. Can the government control the latter? No. Can the government control the former? Yes. The government can certainly affect the number of dollars—i. e., the volume of lawful money in the country. The ways in which this may be done I shall speak of next.

I have defined an honest dollar and shown how government may secure it. I now ask the question: Is the maintaining of an honest dollar a serious matter? This calls us to consider some of the consequences of dishonest dollars. If two men agree to a contract, and between the time of making and the time of fulfilling the contract any change takes place in the legal acceptation of the terms used, or of the units of measure mentioned in the contract, one party or the other is cheated. Suppose you rented two farms, one for so many bushels of wheat, the other for so many dollars. But official standards are changed; when you come to settle you have to pay

one landlord with five peck bushels and the other with 125-cent dollars. Is there any difference here in the degree of the wrong? If tons are called for and the law adopts a new 2,500-pound ton; if gallons are called for and the five quart gallon is legalized; if dollars are called for and the law exacts a dollar with 125 cents of purchasing power in it, THE WRONG IS THE SAME. Now, contracts of future delivery of gallons or yards are not so very common; on the other hand, contracts for the future delivery of dollars are legion. They include every species of debt—promissory notes, bonds, drafts, book accounts, etc. Every man who borrows money promises to deliver so many dollars in the future, and if he can repay with little fifty-cent dollars he cheats his creditor, while if he must pay big 200-cent dollars the creditor defrauds him. One is just as bad as the other, but I shall trace the consequences of the latter because it hits our situation JUST NOW.

FORGERY AND SOUND FINANCE.

I can see no difference in amount of wrong between your forcing your debtor to repay you dollars that would go twice as far and are twice as hard to get as the dollars you lent him, and your raising the face of the note to double its value by the use of chemicals. The wrong is the same. But when an individual does it, it is FORGERY; when a nation does it, it is "SOUND FINANCE."

Not only are all debtors injured by big, fat dollars, but, in fact, all people who have property. You save

your money and you put your savings into a $3,000 house, but the dollar changes in buying power. Your house will become worth only $2,500 or $2,-000. For if money is getting the "ups" property is getting the "downs." On the other hand, the man who has money does not have to lend it in order to get the creditor's premium. If his money lies idle in the bank vault or buried in the ground it will still bring him an undeserved increase when he comes to buy with it.

We seem to have on the one hand debtors and roperty-owners and on the other hand those who hold money or claims for money. But think a little further. Who are the people who hold money or simply claims for money? Why, those who enjoy accumulations, whether their own or their parents', and are no longer engaged in production—those who have made their "pile" and retired. And who are the people injured? Why, simply the actual producers who are offering their product of hand and brain in the market for money. The manufacturer, the farmer, the workingman, the miner, the lumberman—THOSE WHO DO THE WORLD'S WORK—must accept less, while the holders of past accumulations, producing nothing and therefore having nothing to sell, get more. Of course some of us belong to both classes and are pulled different ways, but if you run the line between interests, rather than between men, it will lie, as I have said, between the past and the present.

THE BENEFIT OF IMPROVEMENTS SHOULD GO TO THE PRODUCER.

We must now take up an objection, which, if not met, undermines our whole reasoning as to what constitutes an honest dollar. "Is it true," say the gold men, "that prices must always run along on a level? When the quantity of labor necessary for the production of articles is all the time declining; when steel rails, farm machinery, water power, cheaper coal and better methods are making it easier, year by year, to move a carload of goods, to raise a bushel of wheat, clean a bale of cotton or weave a yard of cloth, ought not the price of goods to fall with their falling cost of production? Cheap production calls for cheap goods. This does not mean lower wages or income, because if products sell for less, they have, on the other hand, more products to sell. Let the money income of the producer keep along a level, while the price of his product sinks with its declining labor cost." Let us pick this to pieces and show the worm of fallacy coiled up in the heart of it.

In the first place the gold man juggles with the word "cheap." He first shows that the goods are getting *cheap*—i.e., that they require less and less human labor to produce them. Then he argues that, as a matter of course, they will in consequence get *cheap*—i.e., exchange for less money. Now the relation of labor to goods has absolutely nothing to do with the relation of money to goods. If the latter relation—i. e., price—must follow the other, we should like to be shown WHY.

It is true that year by year human labor is getting more and more effective, owing to industrial progress, and that there is thus an increase of product that must go to somebody. But I know of no one who has so good a right to this extra product as the man who produces it. Though possibly he did not discover the new and better way of applying his labor, it is, after all, HIS labor that becomes more productive, and to HIM ought the premium to go. Now, the above proposal means nothing less than that the present producer, who uses borrowed capital, shall not enjoy this increase, but shall render it to the PAST PRODUCER.

I will make this clear. Twenty years ago Jones sold you for $500 a lot he had bought for $50, thus clearing $450 on the turn-over. You hold it until it is worth $2,000, when along comes Jones and wants to buy it back. Moreover, he tells you he would like to have it without paying the $1,500 the lot has gained in value since you bought it of him. He tells you it is "unearned increment," and asks what right you have to demand it. He points out that you did not earn it, but that it came because you sat and waited. What would you say to this cool proposition? Something like this, I think: "Yes, it is true that the $1,500 is an unearned premium, but please to notice that it accrued on the lot while I owned it, and not when you held it. You got $450 of increase when the lot was yours, and now you want to gobble mine, too. You want both premiums, leaving me none."

Carry this analysis a little further. Brown, a carpenter, lends me a table, for which I pay a yearly rent. At the end of ten years I bring back the table uninjured, but he says: "Do you know it takes only one-half as much labor to make a table to-day as it did when I lent you that table? I want you to return me two tables." To that I would naturally say: "You loaned me a table—one table—here it is." But suppose Brown's table got burned, and I am returning to him, not his own table, but a new one, exactly as good in every respect. Will it stagger me for him to point out that the new table was easier to make than his had been? Not at all. I should say: "That my ability to make a table is twice what it was when I borrowed of you is my affair, not yours. You got the current increase in ability when you were in the table manufacturing, didn't you?"

Take now a money loan. Robinson began farming in Iowa in 1850, and, had conditions remained constant, he would have accumulated $5,000 by 1870. But all the while he was working, other fellows were inventing new machines or finding out new wrinkles in farming, and Robinson was getting the benefit. So by 1870 he had got ahead, not $5,000, but $10,000. Now he lends that $10,000 to you and retires on the interest. And while you were farming new implements are invented and new ways of tilling the soil are discovered, so that in 1890 you find that your work will turn off twice as much in a year as when you began. Well, you go around and offer Robinson his principal in dollars that represent just as

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much farm product as did the dollars Robinson lent to you. But this cantankerous Robinson says: "These are not honest dollars. I want dollars that represent double the quantity of farm produce, because it is easier for you to raise wheat than it was for me, and your day's work will go twice as far." What would you say? I should say: "That may be true, but you had the current improvement in production while you were farming, and I want the same while I am farming. After all, it is my labor and not yours that has doubled in productiveness."

SHOULD THE MONEY-LENDER SKIM OFF THE CREAM?

Now, the creditor who says you must pay him dollars representing the same quantity of labor as when you made the loan is, in fact, asking you to surrender to him the fruit of industrial progress—viz., the premium on your labor. It is perfectly true that we participate in the progress of the age, whether or not we have done anything to bring it about. But I say that the benefit ought to accrue to THIS generation, and not to a PAST generation. And if the debtors surrender to their creditors the premiums that come from improvements in technique and machinery, they are practically giving up to others something that has accrued on their own machinery and their own brains. I insist that the honest dollar must be CONSTANT IN BUYING POWER. You can have a currency that shall keep labor uniform in reward, while the products of labor are falling in price because it takes less and less labor to

produce them, or you can have one under which commodities are uniform in price and labor rising. In the former case you transfer the progress from present to past producers. You ask that the man who produced before 1873 shall have the premium, not only of his generation, but also of this one. You want two premiums for him and none for us.

There is a tale of a Greek athlete who began by carrying a calf around the arena every day. As the calf grew his strength grew also, till when the calf had become an ox he was still able to shoulder it. The gold men think that by help of inventions or improvements the manufacturer or farmer will be able to stand the appreciation of the debt on his shoulders. But they are wrong. Apart from its injustice, he cannot do it. His *strength grows, but his burden grows still faster.*

IS OUR DOLLAR HONEST?

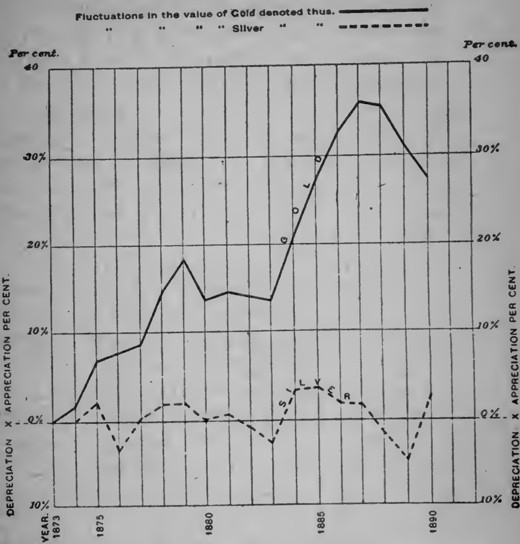
The vital question now arises: Have we at the

present time an honest dollar or have we not? We can find this out only by looking at the actual course of prices. In England the eminent statistician, Mr. Sauerbeck, has worked out the prices of forty-five staple articles for a long series of years. Taking the prices of 1873 as 100, the prices since then have run as follows:

	Gold prices according to Sauerbeck's index numbers.	Gold price of silver.
1874	102	95.8
1875	96	93.3
1876	95	86.7
1877	94	90.2
1878	87	86.4
1879	83	84.2
1880	88	85.9
1881	85	85.0
1882	84	84.9
1883	82	83.1
1884	76	83.3
1885	72	79.9
1886	69	74.6
1887	68	73.3
1888	70	70.4
1889	72	70.2
1890	72	78.4
1891	72	74.1
1892	68	65.4
1893	68	58.6
1894	63	47.6
1895	62	49.0

Here is a diagram showing the appreciation in purchasing power of gold, calculated from Doctor Soetbeer's index numbers, based on 100 articles in the market at Hamburg, Germany, and 14 articles in the London market. The dotted line shows the increase and decrease in the purchasing power of silver. Its slight oscillations show that, as compared

with commodities, silver has not depreciated, and brings into marked contrast the appreciation of gold.



If the index numbers were computed to this year we should see the gold line soaring far above the top of the diagram.

There is no getting around the conclusion that in gold-standard countries the fall of prices in the last twenty-three years has been about 40 per cent. Sixty dollars will go as far as $100 formerly would—i. e.,

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1884	76	83.3
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1887	68	73.3
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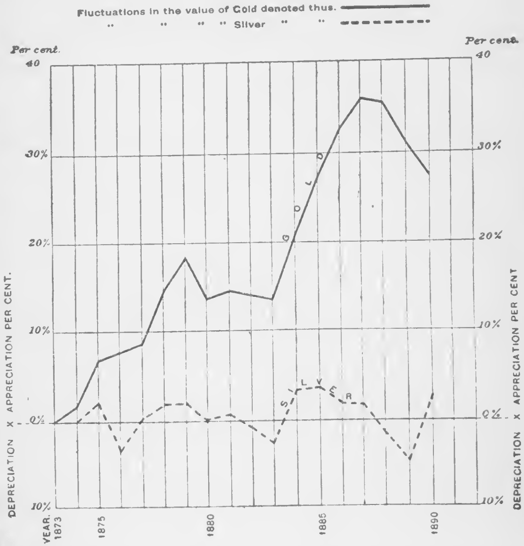


If the index numbers were computed to this year we should see the gold line soaring far above the top of the diagram.

There is no getting around the conclusion that in gold-standard countries the fall of prices in the last twenty-three years has been about 40 per cent. Sixty dollars will go as far as $100 formerly would—i. e.,

th purchasing power of gold has increased $66\frac{2}{3}$ per cent. If this appreciation were uniform it would be equivalent to an annual increase in the value of the unit of about $2\frac{1}{2}$ per cent. Of course the movement has not been at all regular. In periods of prosperity prices have run along on a level, only to crash down suddenly when a commercial crisis arrived. It is therefore fair to assume that as the gold standard has behaved in the past so will it behave in the future, that if gold has got on an average $2\frac{1}{2}$ per cent more valuable year by year since the world passed to the gold standard it will CONTINUE TO APPRECIATE $2\frac{1}{2}$ per cent a year in the future.

In the United States the course of prices has not so clearly revealed the viciousness of the gold standard, because, under the Bland and Sherman acts, we pumped silver into our currency from 1878 to 1893, and by thus avoiding the European scramble for gold, eased the downward pressure on our prices. The index numbers of the Senate Finance Committee of 1892 show, however, the following course of prices (the prices of 1860 being taken as 100):*

1873	137	1880	106	1887	92
1874	133	1881	105	1888	94
1875	127	1882	108	1889	9[illegible]
1876	118	1883	107	1890	[illegible]
1877	111	1884	99	1891	[illegible]
1878	101	1885	93		
1879	96	1886	92		

* The gold men insist on calculating from 1860, in order to represent prices as a great wave rising from 1860 to 1873, falling from 1873 to now. By this device they make the fall in prices to be about 15 per cent instead of 40 per cent But why start with 1860? The prices from 1860 to 1873 are ancient history—so to a less extent are the prices from 1873 to 1880. We calculate from 1873 not in order to get back to that level, but *because that was the beginning of the single gold standard* for the leading nations.

Since the repeal of the Sherman Silver Purchase Act our currency, like that of Europe, has grown only by the annual mintage of gold, so whatever the single standard has done for Europe will appear in our experience since that date. We have no general price tables for the last five years, but the following tables taken from the Statistical Abstract of the United States may give us a hint of what to expect.

	Wheat.	Corn.	Oats
1890. Av. value per bu. in cents	0.83.8	50.6	42.4
1891	83.9	40.6	31.5
1892	62.4	39.4	31.7
1893	53 8	36.5	29.4
1894	49.1	45.7	32.4
1895	50.9	26.4	19.9

Total value of all farm animals in millions of dollars:

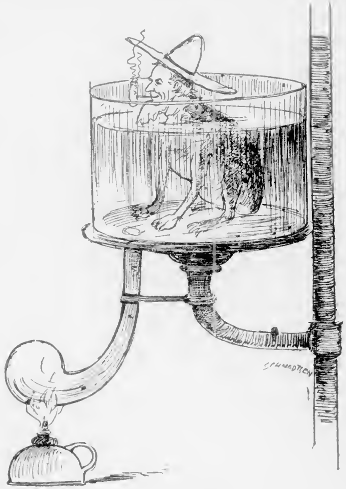
1891	$2,329	1894	$2,170
1892	2,461	1895	1,819
1893	2,483	1896	1,727

Although the cotton crop has increased 16 per cent, its value to the producer has fallen as follows:

1891	$350,000,000	1894	$264,000,000
1892	313,000.000	1895	262,000,000
1893	268,000,000		

Scientists show us that if heat be applied very gradually a frog can be boiled without his knowing it. Any sudden rise of temperature, however, will cause the frog to grasp the situation and jump out. The strangulation of the American producer by falling prices was proceeding so gradually that he probably would never have become aware of it had it not

been for the sudden jolt of 1893. The cave-in of prices since then has betrayed the operation, and he now, like the frog when heat was suddenly applied, seems bent on saving himself by a vigorous kick.



1873 TO 1892.

COST OF THE GOLD STANDARD.

The census of 1890 shows that the farmers of the country groan under a mortgage and lien debt of $1,935,000,000. With the present standard they must expect that burden to increase about $48,000,000 every year—i. e., for every year the debt runs an

extra $48,000,000 worth of farm products will have to be sacrificed in order to overcome the annual increase in the difficulty of getting dollars to repay

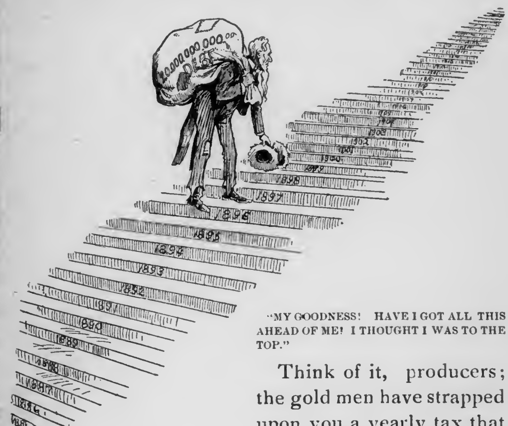
1893!

with. Besides this, an extra $5,800,000 of produce will be needed to meet the annual increase in the interest burden. Think how many patches must be put on clothing, how many dresses must be made over, how many toes must go cold, how many farm-

ers' wives go insane, in order to raise that more than $53,000,000 wrung out of the farmer by the gold standard. American railroads are bonded for about $5,600,000,000, so that every year $140,000,000 worth of freight and passenger business earns for the bondholder, and not for the owners. Our public indebtedness is over $2,000,000,000, so that about $50,-000,000 represents the annual increase in the amount of the burden on the tax payers. I cannot take up the other items of debt, but the whole of it comes to $20,227,000,000. The gold standard means that this two-sevenths of our total wealth is loaned out and earning for its owner besides his legitimate interest an unseen illegitimate interest of 2½ per cent. And yet speak not our statute books of USURY! This $500,000,000, together with the yearly increase in the weight of the interest burden, gives a total of $529,000,000 affected by the annual dishonesty of the gold standard. Of course some individuals are both debtors and creditors and the 2½ per cent,appearing on both sides of the ledger, is canceled. If this applies to one-eighth of the whole, we have left an average of $460,000,000 worth of property that will, year by year, be unjustly transferred from the hands of its producers into the coffers of the creditors. Such is the bill we are paying for the luxury of the gold standard. Is it worth the cost? Must we go on "climbing up the golden stairs" with this enormous burden of debt piled on our backs and getting heavier every step we take?

This, then, is the size of the silver question, so far

as it is a question of JUSTICE. Keep the gold standard, and we impose upon the producing part of the people an anual tax that is more than one-half of the revenue of the federal, state, city, county and township governments of the United States.



"MY GOODNESS! HAVE I GOT ALL THIS AHEAD OF ME! I THOUGHT I WAS TO THE TOP."

Think of it, producers; the gold men have strapped upon you a yearly tax that is FOUR TIMES the cost of the German standing army! This army numbers 480,000 men. And yet you brag that we have no standing army in this country!

DISHONEST DOLLARS AND HARD TIMES.

But this is a question of PROSPERITY as well as a question of justice. It is not hard to show that falling prices injure the productive power of the

country and lead to economic waste. The modern business man makes heavy outlay for land or machinery or labor or raw material, months, or even years, before the sale of the finished product, from which alone these costs can be recovered. He ventures this outlay, assuming that the price of the product will continue in the future much as it has been in the past, unless some special factor enters in. But under a regime of falling prices his calculation always fails, for the proceeds of the product do not suffice to cover costs and leave a profit. If the downward tendency is strong, not only does the business man fail of his profit, but he may be gradually impairing his capital by having to market goods at less than their actual cost. If he has had to borrow part of his capital, as most business men do, the shrinking of the value of his establishment wipes out his own investment of capital, and it falls into the maw of the lender. FALLING PRICES, THEREFORE, DECREASE THE CHANCE OF SUCCESS IN BUSINESS by introducing an unlooked-for element which upsets all the well-laid plans of merchant or manufacturer. The commercial death rate is higher than it ought to be. Just as the bankruptcy rate during the panic year of 1893 rose from 1 per cent of all enterprises to 1½ per cent, so an era of falling prices, taken as a whole, shows too high a percentage of failures. For six years before 1873 business failures averaged 3,000; for six years after, 8,000; since 1888 they have stayed above 10,000, rising in 1893 to 15,000. This means a collapse of industrial machinery,

a smashing of enterprises. The result is that just so many more new enterprises must be started in order to keep up production. A part of our energy, therefore, is used up in creating enterprises that ought to be devoted to running enterprises.

The collapse of business is a serious thing. In 1893 there was as much arable land, as many farms, shops, mills, furnaces and railroads, as many tools, machines, engines and dynamos, as much muscle, skill, talent and ambition as the year before. Yet there was an industrial paralysis leading to a great falling off in production. On all sides were seen unemployed labor, idle machinery, smokeless chimneys, rusting side-tracks and empty stores. What was the trouble? Nothing more or less than the fact that many of the enterprises by which the productive powers of the nation are kept employed had collapsed. Now, the paralysis we saw then on a vast scale is something that inevitably goes with falling prices. The persistent sinking of prices is nothing less than a chronic commercial crisis, and so we shall find it yielding the same results.

NOTHING IN IT FOR THE WORKINGMAN.

The question of honest dollars, therefore, is not merely a debtor's question. It concerns every man who is producing anything. The only PEOPLE WHO BENEFIT by an appreciating standard are those who hold money or claims for money. The PEOPLE WHO ARE INJURED are not simply debtors, but every man who is producing goods and

trying to sell them for money. In this gigantic struggle it is impossible that the interest of the workingman should be altered by the fact that he receives advance payment for his product in the form of wages. Much has been made of the fact that wages change more slowly than prices of commodities, implying that under the gold standard the workingman gets a certain benefit during this interval. But let us see what takes place. In 1893, two and a half months after the beginning of the crisis, 850,000 MEN, willing to work, most of whom had families to support, WERE THROWN OUT OF EMPLOYMENT. There had been a sharp fall in the prices of everything we buy. Wages had been very little affected, yet labor got its share of the burden and got it promptly, but it came not in the form of falling wages, but in the form of the narrowing of the field of employment. Not lower wages, but DISCHARGE is the first effect of falling prices on the workingmen. After some time the fierce competition of the unemployed forces down wages, and labor is once more set to work. Therefore, workingman, be no cat's-paw for the money lender! The prosperity that under the gold standard you are supposed to enjoy, from the fact that your wages do not fall so rapidly as prices, is but a banquet of sawdust.

There are still other far-reaching consequences of our falling prices. There is no patriotic American who has not observed with anxiety the rise of vague discontent, the spreading distrust of our institutions and the growing bitterness between classes in this

country. On the one hand, with the dissolving of the bonds that knit group to group, moneyed people evince a strange disposition to see a Marat or a Robespierre in whoever disagrees with them, and to look upon the plain people as incipient Jacobins; on the other hand, the no less significant willingness of many on the other side to accept the parallel and to compare our time with that just before the French revolution. This ominous tendency I once attributed to the natural evolution of our industrial system. Longer reflection, however, convinces me that no small part of it is due to the loss and irritation resulting from a slow suffocation by falling prices. If a mischievous boy pinches the tails of tabbies peacefully sleeping before the fire they will promptly begin to spit and claw at each other. So with our producers. Angered by the failure of business calculations and by the unaccountable fall in the value of his products, each has turned on the nearest group and engaged in a struggle with it. Laborers and capitalists, farmers and railroads, have been jostled against each other till there is a feeling of rancor aroused that bodes ill for our future.

I have considered the ruinous effects of the gold standard. What compensation is there for it? It is said by the gold men that, whether we like it or not, gold has by perfectly natural evolution, due to the preferences of the commercial world, become the principal money metal; that, therefore, we must accept it and make the best of it. The argument is not convincing, however, the moment we discover

the true history of the present domination of gold. Yes, gold has got to the top, but it has been helped there. Silver was not quietly supplanted; it was KICKED OUT. If the practice quietly grew up among business men of making and meeting contracts with gold, why was it necessary to pass the demonetization laws of 1871-3? Did the railroad need a law in order to drive out the stage coach? Did the electric light ask the aid of government in its struggle with the kerosene lamp?

Again, the gold men urge that their standard is surely prevailing in Europe, that Austria is nearly on a gold standard, that Roumania has adopted it, and that the formerly bimetallic members of the Latin Union seem to have reconciled themselves to the present situation. He argues, therefore, that we must conform to the general practice. The going over of nation after nation to the gold standard is, however, AN ARGUMENT AGAINST IT. As regards the metric system, every nation that adopts it is a new reason for our adopting it; on the other hand, every nation that goes to the gold standard and enlarges its monetary stock of this metal, instead of furnishing a new reason for our going over to it, gives us a new ground for REJECTING it. For two or three nations the gold standard might be very just, but when a dozen are scrambling for the scanty supply of that metal, every new nation that joins in the scrimmage aggravates the injustice of the gold standard. The increasing strain that comes with the swinging into line of the minor countries is just the point that should give us pause.

WHAT KIND OF DOLLARS SHALL WE HAVE?

If, therefore, it is agreed that the gold standard is unendurable, what kind of dollars shall we undertake to have? It would be clearly unjust to reinstate the dollar of 1873 as it was. It has been a great wrong that the dollar has appreciated 67 per cent. But it would be another wrong to depreciate the dollar down to its former purchasing power. Two wrongs do not make a right. On the other hand, we are not called upon to keep the dollar just where it now is. There is existing a vast mass of debt, incurred all along the period from 1873 to the present. To compel a man who borrowed the dollars of 1880 or 1890 to pay the dollars of 1896 is unjust. On the other hand, to make a man who loaned the dollars of 1890 accept the dollar of 1873 is likewise unjust. If it were possible to find the typical or average dollar in which these billions of debt were incurred, and if we could go back to that, we should have the FAIREST SOLUTION of the present difficulty. Just what dollar would strike the average for our debt—whether that of 1889, or 1890, or 1891—no one can say. This much, however, is certain: That while we are not required to go clear back to the dollar of 1873, we are not called upon to keep our dollar at its PRESENT purchasing power. A certain moderate inflation of prices for a brief period could not justly be complained of.

OUR PROBLEM.

Here then, is our problem: To find a monetary

policy that shall rescue us from the CRUEL PINCH of the gold standard and which shall not, on the other hand, cause any large inflation of prices. Anything lying between these two limits is better than what we now have, and—as a perfectly stable dollar is unattainable—therefore, worthy of consideration. We next consider the possible alternatives to the gold standard.

The SOLE REASONABLE POLICY seems to be to enlarge the volume of money by returning to the system of bimetallism that prevailed before 1873. Bimetallism means the free coinage of both gold and silver into full tender money at a fixed ratio. This prevailed in the United States from 1792, in France from 1803, and later in Greece, Italy, Switzerland and Belgium, the nations composing the Latin Union. France had a ratio of 15½ to 1, and for seventy years during all the tremendous fluctuations of the relative production of the precious metals she kept gold and silver circulating side by side. The partial substitution of silver for gold or of gold for silver in the money of France pulled back the commercial ratio when it tended to depart from the fixed French ratio, and kept its oscillations within the narrowest limits.

The EFFECT OF BIMETALLISM is to support the world's business on a combined mass of gold and silver, which fluctuates less than either metal alone. Moreover, only the two together can give us a broad enough basis. The gold man's ideal is a narrow foundation of gold supporting a dizzy superstructure of credit, the upper stories of which topple

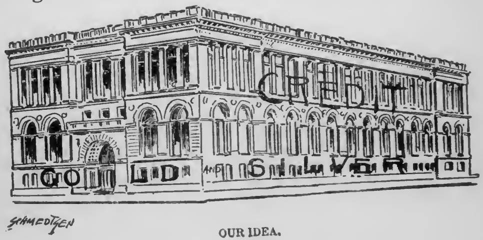
down whenever a financial earthquake comes. We favor a lower, broader and stabler structure.

The fact that under the ratio of 15 to 1, that we had for forty-two years, our money was practically

THEIR IDEA.

1893.

all silver, and that under the ratio of 16 to 1, adopted in 1834, it became nearly all gold, is frequently brought forward to show that bimetallism won't work.



OUR IDEA.

The fact shows JUST THE OPPOSITE. When two bimetallic systems have different ratios the bigger system will prevail and will upset the smaller system if the theory of bimetallism is true; and this is just what happened. We had the little system, and so paid the penalty for disregarding the bigger French system in fixing our ratio. It's the old story of the wheelbarrow colliding with the locomotive.

INTERNATIONAL AGREEMENT.

There are some who desire bimetallism, but bid us wait until we get an international agreement. If there were any show of getting several nations to open their mints to both metals at an agreed-upon ratio we should do so. Certainly it is better to solve the money problem for the world than for ourselves alone. But look at the situation. France and the members of the old Latin Union are willing. Germany would join if England would. England says no. For twenty years we have been working for an international agreement. The three Commissions we have sent to international monetary conferences have come back empty handed. England blocks the way, and England's interest is with the gold standard.

It is not rash to estimate that \$2,000,000,000 of English capital is loaned in America. In that case the 2½ per cent of annual appreciation of gold means a tribute of \$50,000,000 a year from this country alone. With her vast loans to Argentina, Egypt and other borrowing countries, it is safe to say that by the gold standard ENGLAND PROFITS off other peoples not less than \$250,000,000 a year. Why should Eng-

lishmen, then, abandon this big premium in order to pull our chestnuts out of the fire? They know full well the profit of the gold standard to the creditor nation and are frank to avow it. Our gold men would not dare publish here the arguments of their English brethren. It would let the cat out of the bag. The English are a great people because they are never swerved from the pursuit of their national interest by any fiddle-faddle. Let us profit by their example.

The choice is, then, BETWEEN GOLD AND INDEPENDENT ACTION. There is no middle term. The hope of international agreement is held out to us as a wisp of hay is tied to a pole—always a little ahead of the donkey, to get the tired beast to go farther. Latterday shouters for international agreement are not sincere. Scratch them and you will find them yellow underneath.

WHY 16 TO 1?

But the question is asked: "Why 16 to 1, when the conditions are so changed?" It is true that at the present moment one ounce of gold bullion exchanges for nearly thirty-two ounces of silver bullion. That it is the gold that has gone up and not the silver that has gone down—as can be proved by comparing prices in silver and gold countries—does not alter the fact that the metals have drifted apart. What account must be taken of that fact?

I am frank to say that if we were starting with a clean slate it might be advisable to adopt a higher ratio. But this has nothing to do with the case in

hand. Historical causes have fixed the old ratio so firmly in the minds of the American people that there is no hope of getting up enthusiasm for a new-fangled ratio. The alternative is 16 to 1 or the gold standard; and put that way I am unreservedly for 16 to 1. In the second place, a new ratio would compel the recoinage of our silver into bigger dollars, and, apart from the expense, would mean a contraction instead of an expansion. Coinage at 32 to 1 would CUT OUR SILVER MONEY IN TWO and bring in no fresh supply.

"The result," say the gold men, "of coining at 16 to 1 when the metals stand at 32 to 1 will be the leaving of our gold. Silver will seek us because it will go farther here. Gold will leave us because it is worth more elsewhere. You had better say nothing of bimetallism or ratio, but simply declare for the silver standard with a dollar of 371¼ grains as a unit."

The matter is by no means so simple. The true ratio we have to take account of is not at all 32 to 1. The movements of the metals which will determine the success or failure of our bimetallism depend not on the momentary exchange ratio of gold and silver bullion in London, but upon the relation of the purchasing power of silver in silver-using countries to the purchasing power of gold in gold-using countries. Gold has appreciated 67 per cent. Silver has not depreciated, but is everywhere reported to be able to buy as much as it ever could. The ratio of 32 to 1, therefore, is merely speculative and does not express the real economic relation of the two metals. The

REAL VALUE—i. e., the respective purchasing powers of gold and the unappreciated silver of silver countries—have by no means drifted so far apart as the commercial ratio would indicate. If the silver unit has remained the same in purchasing power, while the gold unit has gained 67 per cent, the ratio is not 32 to 1, but 27 to 1.

Now, what is the force we rely on to overcome this real divergence? It is the possession of $625,000,000 of gold and the effect upon the ratio of letting a part of this gold go to the gold-using countries and taking a much larger mass of silver in its place. We could produce a tremendous effect upon the metals by absorbing a large mass of silver and letting Europe have, say, $400,000,000 of our gold. This mass plumped down into the currency of the gold countries would have an amazing effect, not only in stopping the upward flight of gold, but in pulling it down toward silver.

It is sometimes said that we propose to double at a stroke the value of the $4,000,000,000 of silver money in the world. This is absurd. The silver coin in the gold countries and in the gold and silver countries is already on a parity with gold at ratios between 15 and 16 to 1. The mass of silver to be lifted in purchasing power is only the $1,845,000,000* of the silver-standard countries. Can any one doubt that without losing all our gold the currency of a great nation like this can permit so extensive a substitution of silver for gold as shall pull down the purchasing

* Report of Director of the Mint, 1894.

power of gold and pull up the purchasing power of silver until they meet?

THE FLOOD OF SILVER.

Approach the problem in another way. Where will the flood of silver come from that is going to expel our last penny of gold? From Europe! The European avalanche of silver is a myth. Their $1,300,000,000 of silver is coined at 15½ to 1, and every dollar of it would lose three cents of value by being "dumped" upon us here. Is a Frenchman going to bring sixteen ounces of his silver to us and exchange it for one ounce of gold—even if he could find some one to swap with him—when fifteen and a half ounces are equivalent to one ounce of gold at home? The "flood" can come only from the silver countries. Could it come from Mexico? She has only $55,000,000, and could spare little of that. From South and Central America? They have only $42,000,000. The inflow of silver would have to come from the $1,700,000,000 in India and China. Will these immobile nations suddenly project one-third of their money upon us? If they did, what would they take back? Gold? They do not use it as money. They would have to exchange their silver for American GOODS, and this process is so slow that it would take years to get any great supply of silver from them. Moreover, as regards India, since the stoppage by England in 1893 of the free coinage of silver there, the whole mass of her money has begun to move slowly upward with the appreciating gold standard.

But how about the annual production of silver? Thanks to the gold reefs of the Transvaal, the annual production of gold has all but overtaken the annual output of silver, so that for some time to come the influence of one will cancel the other. The statement, dear to the gold men, that it was overproduction of cheap silver that broke the old ratio and not the demonetization of 1873, is shattered by the following calculation from the staunch little book "Our Silver Coinage:"* "For the first fifty years of this century, 1801 to 1850, we produced 100 cents in gold to 172 cents in silver. In the twenty-five years, 1851 to 1875, we produced 100 cents in gold to 41 cents in silver. For eighteen years, 1876 to 1893, we produced 100 cents in gold to 114 cents in silver." For the years 1893 to 1896 the world's production was, viz.:

	Gold.	Silver.
1893	$157,000,000	$214,000,000
1894	180,000,000	216,000,000
1895	203,000,000	226,000,000

The idea that free coinage will tempt the mass of silver plate and jewelry into the melting pot is too silly to need comment. Do the bureaus and tables go into the stove when cordwood gets dearer?

There was once a mountain climber who fell, and just as he thought he was slipping into an abyss caught his fingers in a crevice in the rock. After holding on in agony till all his strength was spent he gave himself up for lost, and closing his eyes let go. He landed on a broad path four inches below. Now,

* By John A. Grier.

Uncle Sam reminds me of that traveler. With much sweat and anguish he is desperately holding on to the gold standard, fearing to let go lest he drop into the abyss of 50-cent silver. Very likely he could stretch out his toes and touch firm ground of silver without once letting go of the gold standard. But, in any case, when at last he despairingly lets go he will land lightly on solid ground just a few inches below his feet.

As some, however, go into convulsions at the mere thought of losing our gold and coming to a silver standard, let us pause for a moment to consider this. Gold, we have seen, gives a frightfully dishonest dollar. What kind of a unit does silver give to its friends?

The index numbers for twenty Chinese staple commodities from 1873 to 1893 are:

1873	$1.00	1880	$0.96	1887	$0.89
1874	.91	1881	.97	1888	.88
1875	.89	1882	.99	1889	.90
1876	.96	1883	.96	1890	.90
1877	1.01	1884	.94	1891	.87
1878	1.05	1885	.93	1892	.88
1879	1.01	1886	.93		

Since 1893 the tendency has been slightly upward.

According to the testimony of the Mexican minister, prices in Mexico have remained practically unchanged. Silver-using countries HAVE NOT NOW AND HAVE NOT HAD a depreciating currency. Their dollars have not lost in value. Their money-yardstick has not been shortened. It is the GOLD COUNTRIES that have had the dishonest dollars, but the gold advocates have sought to cover

AS HE THINKS IT IS. AS IT REALLY IS.

it up by laying the divergence of gold and silver to the depreciation of the latter. Silver, then, is A STABLER, NOT A DEPRECIATING, standard. But its weight, its bulk, its inconvenience in large payments! Well, the invention of the silver certificate obviates this. A $1,000 silver certificate weighs no more than a $1,000 gold certificate. Even gold is so bulky and heavy that we have had as much as $140,000,000 of gold certificates circulating instead of the metal they represent. As regards ordinary circulation, where, except on the Pacific slope, would the disappearance of gold be noted by the average man? I ask you who live east of the Rockies: How long has it been since you saw a gold dollar?

"But a depreciated currency," exclaim some, "will hurt the poor man! Experience shows that in cheap-money experiments the well-to-do find a way to take care of themselves; it is the poor man who bears the brunt." Now, this is quite beside the mark. It is true that when worn or counterfeit or debased coins circulate beside gold coins, and the notes of shaky and insolvent banks are mingled with those of sound banks, it is labor that gets poor money. The rich winnow out the best for themselves. But this has no bearing whatever on free coinage. If gold stayed here it would be because it was not a whit superior to silver; if gold left us we should have a uniform silver money. In either case all the parts of our currency are on a par, and there is NO OPPORTUNITY to shove "cheap money" on to the poor man.

But silver, even if stable and good money, is not the money of Europe. Well, what of it? Let us see.

THE GOLD "CRAZE."

Gold men predict all manner of disaster if we get out of touch with gold nations. Yet, despite our paper basis, we managed to live and trade with Europe from 1862 to 1879. The DEGRADING SERVILITY of some gold men to European example appears in these words in a "Sound Money" pamphlet: "In our age finance rules the world and London is its throne. * * * Lombard Street is the focus of these exchanges, and whatever measures values in Lombard Street must necessarily determine and control values wherever industry plies the plow, the pick, the hammer, the shovel or the yard-stick.

"Whether we consent or not, therefore, whether we approve or not, as long as the world has Lombard Street for its clearing house just so long must we conform to the standard of value there."*

Could madness go further?

Parity with Europe is a good thing, but it is possible to pay too much for it. Ought our American railroads in order to be uniform with Mexican railroads adopt a gauge that is entirely unsuited to the transportation business of this country? And if we had such a gauge would it be wise to keep it for the sake of the merchants, importers and exporters who ship goods across our Mexican frontier?

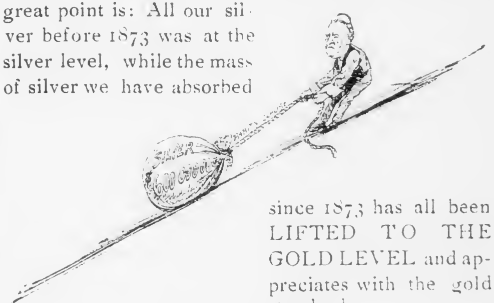
Less than one-fiftieth of our business is done with Europe. Shall we accept decay and paralysis for the whole interior of this gigantic country just to ac-

* Trenholm, "The People's Money."

commodate the bankers, importers, financiers, dealers in foreign securities and company promoters of our seaboard cities and the small knot of men in the interior cities with like financial interests? We respect their protest, but THE TAIL MUST NOT WAG THE DOG.

A FALSE PLEA.

"But we have so much silver already," say some; "$624,000,000 of it! Only India and China have more. We coined only 8 million silver dollars before 1873, and since then we have coined over 426 million. Haven't we done enough for silver?" This is entirely misleading. The third statement is dishonest. We coined 8 million silver DOLLARS, but 84 million dollars' worth of full legal tender SILVER prior to 1873, and besides this we had as much as 100,000,000 of Spanish and Mexican dollars in circulation, all full legal tender. But aside from this the great point is: All our silver before 1873 was at the silver level, while the mass of silver we have absorbed



since 1873 has all been LIFTED TO THE GOLD LEVEL and appreciates with the gold standard.

By the parity clause in the law of 1890 silver has

But silver, even if stable and good money, is not the money of Europe. Well, what of it? Let us see.

THE GOLD "CRAZE."

Gold men predict all manner of disaster if we get out of touch with gold nations. Yet, despite our paper basis, we managed to live and trade with Europe from 1862 to 1879. The DEGRADING SERVILITY of some gold men to European example appears in these words in a "Sound Money" pamphlet: "In our age finance rules the world and London is its throne. * * * Lombard Street is the focus of these exchanges, and whatever measures values in Lombard Street must necessarily determine and control values wherever industry plies the plow, the pick, the hammer, the shovel or the yard-stick.

"Whether we consent or not, therefore, whether we approve or not, as long as the world has Lombard Street for its clearing house just so long must we conform to the standard of value there."*

Could madness go further?

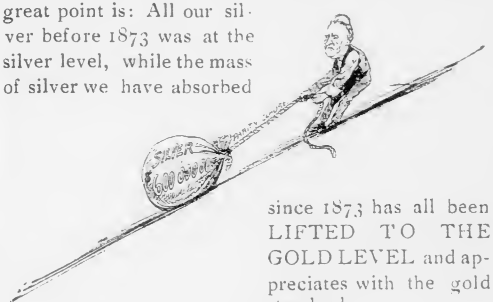
Parity with Europe is a good thing, but it is possible to pay too much for it. Ought our American railroads in order to be uniform with Mexican railroads adopt a gauge that is entirely unsuited to the transportation business of this country? And if we had such a gauge would it be wise to keep it for the sake of the merchants, importers and exporters who ship goods across our Mexican frontier?

Less than one-fiftieth of our business is done with Europe. Shall we accept decay and paralysis for the whole interior of this gigantic country just to accommodate the bankers, importers, financiers, dealers in foreign securities and company promoters of our seaboard cities and the small knot of men in the interior cities with like financial interests? We respect their protest, but THE TAIL MUST NOT WAG THE DOG.

* Trenholm, "The People's Money."

A FALSE PLEA.

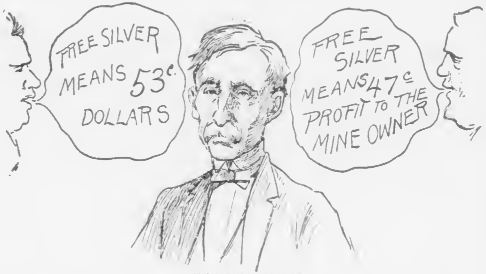
"But we have so much silver already," say some; "$624,000,000 of it! Only India and China have more. We coined only 8 million silver dollars before 1873, and since then we have coined over 426 million. Haven't we done enough for silver?" This is entirely misleading. The third statement is dishonest. We coined 8 million silver DOLLARS, but 84 million dollars' worth of full legal tender SILVER prior to 1873, and besides this we had as much as 100,000,000 of Spanish and Mexican dollars in circulation, all full legal tender. But aside from this the great point is: All our silver before 1873 was at the silver level, while the mass of silver we have absorbed



since 1873 has all been LIFTED TO THE GOLD LEVEL and appreciates with the gold standard.

By the parity clause in the law of 1890 silver has

been tied to gold, and every dollar of it has appreciated with the gold dollar. It is as "good as gold" because it is AS DEAR AS GOLD. It is to haul this mass up the steep golden incline that we have made issue after issue of gold bonds. All that it has done has been to relieve a little the strain on the world's gold. It has not cut the chain that binds us to the ruinous and iniquitous monetary system of Europe.



THE TWO VOICES.

But the 50-cent dollar! Ah, this is the big trump of the friends of robber money. If this cannot take the trick, what will? And yet, surely economists when they prophesy *immediate* 50-cent dollars must exchange winks.

If the day after free coinage our dollars are 50-cent dollars, what should we expect? Why, that as a dollar will get only one-half as much, while the goods to be bought and sold are as abundant as ever, it will be necessary to use twice as many dollars in buying a ham, a coat, or a bicycle. Prices will range

The spectacle of gold holding itself aloof in proud and gloomy isolation, while low prices are tempting it back into circulation, is about as easy to imagine as unsupported upright walls of water. That water seeks its level is a law of nature; that money flows where prices are low is an economic law.

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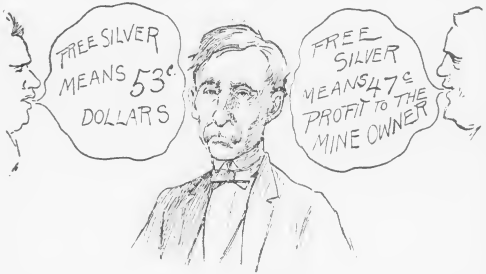

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twice as high. In every kind of transaction twice as many dollars—coin or its representatives—will be used. This means twice as many dollars in the pocket, the till, the safe, the pay car, or the bank vault. Unless the use of credit is enlarged—and that is the last thing our opponents would admit—the money of the United States would have to be DOUBLED. Only a circulation of $3,200,000,000 would give us a chance to find out what a 50-cent dollar is.

So that we must add to our circulation another $1,600,000,000, which, with the silver required to take the place of the disappeared gold, would call for at least $2,200,000,000 of silver—about TWO-THIRDS of all the silver coin in the rest of the world. Moreover, only $1,845,000,000 of this is on the so-called 50-cent level. Consequently, if India, and China, and Mexico, and South and Central America, sent us all their money and themselves went back to barter, THEIR UNITED EFFORTS could not give us a 50 cent dollar.

Our opponents tell us that the day after free coinage our gold will promptly go out of circulation and there will be an appalling contraction of our currency. The spectacle of gold holding itself aloof in proud and gloomy isolation, while low prices are tempting it back into circulation, is about as easy to imagine as unsupported upright walls of water. That water seeks its level is a law of nature; that money flows where prices are low is an economic law.

The pitch of folly is reached by the holders of the

gold-vacuum theory when they tell the uninstructed that while there will be only half as many dollars to do our business with, these dollars will be "50-cent dollars." This implies that with half as much money prices will be doubled—just the same as asserting that if you pump one-half of the water out of a cistern the water will be twice as deep.

GOLD CONTRACTS.

Some people are, however, worried by their gold contracts. "What can we do," they anxiously say, "if the gold leaves the country? How could we meet our contracts?" This is a striking case of confusion of thought. There will always be some gold in the country, as there was during the paper era, 1862-79. Remember, too, that the holder of a gold contract cares not for gold, but for GOLD'S WORTH, and under free coinage I assert that it will take LESS of the fruits of toil to procure the gold or the gold's worth of silver to satisfy a gold contract than it will if we go right on as we are. The release of our gold from money use here is bound to halt the rapid appreciation that we must endure if we stick to the gold standard. The power of your silver or your products to procure silver in the markets of the world will certainly be greater if this country steps over to the silver column and allows her gold to pass into the European channels of trade.

OBJECTIONS.

Certain objections remain to be examined.

BANKERS.—It is claimed that the bankers form

the greatest debtor interest in the country and yet oppose free coinage. But statistics show that our national banks alone owe $400,000,000 less than is owing to them. Besides this they own $430,000,000 of reserve. The interest of the banking class, therefore, in the appreciation of the gold standard is 2½ per cent of $830,000,000, or over $20,000,000 annually. I am a bank director and a stockholder in a bank, and as such my interests would be injured by quitting the gold standard; but I must tell the truth.

BUILDING AND LOAN STOCKS.—The building and loan associations are held up for pity if the 2½ per cent annual premium on money ceases. It is forgotten that these associations lend every dollar to their own members, so it is the workingmen who are debtors as well as creditors. The two interests therefore balance each other.

SAVINGS BANKS DEPOSITS.—Harrowing pictures are drawn of the hardships to be endured by the cessation of the 2½ per cent premium on the $1,800,000,000 of savings from deposits. But they do not tell us how much of this is deposited by the wage-earner; nor do they point out that the whole is not one-eleventh of our total debt, and is far, even, from equaling the burden of public debt that bears on all citizens.

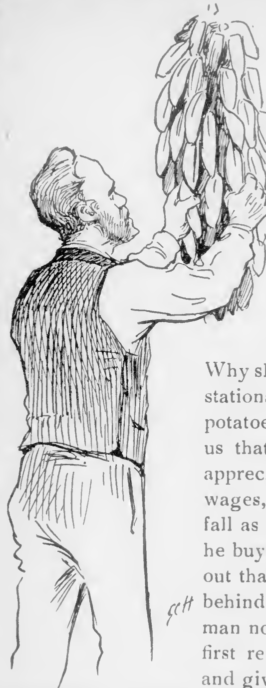
PENSIONS.—We are accused of attempting to injure our pensioners by stopping the increase in value of their pensions. To no class could we so cordially concede an appreciating dollar as to our veterans. But the pensions amount to only $141,000,000 annu-

ally, while the annual interest charges on the total public and private debt in this country is $1,166,000,000, or more than eight times as much. We could better afford to raise the face value of pensions 20 per cent every year than to endure the gold standard on their account. Those who faced shot and shell for their country will never stand in the way of her prosperity.

MERCHANTS AND BUSINESS MEN.—The merchants and business men are assured that their interest is identical with the banks that discount their notes. But, surely, this is false. The merchants can have no interest in a fall in prices that, intervening between the purchase of their stock and their disposal of it, tends to narrow their profits. The fact that the merchants are debtors and the bankers are lenders shows their interests to be ON OPPOSITE SIDES. The fact that mercantile loans are for short terms does not at all withdraw them from the inflation of an appreciating dollar. The appreciation on a debt renewed every year for twenty years is just the same as the appreciation of a twenty-year debt.

MANUFACTURERS.—The interest of the manufacturer is that of all producers. He can have no interest in a regime of falling prices that perpetually upsets all of his calculations and makes it unsafe for him to carry raw materials. It is the manufacturers of Lancashire competing with producers under stable prices in silver countries who are the backbone of the bimetallic movement in England. The competition of the Indian and Japanese factories cannot

too soon show our manufacturers the handicap they are under.



MEXICANIZING THE AMERICAN DIET. STOP HIM!!

WORKINGMEN.—The workingman is told that his wages will remain the same, while the prices of everything else will advance. It is hard to see any basis for this assertion. On what grounds can we exempt one commodity from a general advance? Why should the price of labor be stationary any more than that of potatoes or kerosene? They tell us that the workingman wants appreciating money because his wages, though they fall, do not fall as fast as the prices of what he buys. I have already pointed out that this trailing of wages behind prices does the workingman no real good. Low prices first result in SHUT-DOWNS and give hundreds of thousands of workingmen their "WALKING PAPERS." Later the burden borne by their discharged men is transferred by means of lower wages to the general body of wage-earners.

But this is not all. Even if you keep your job you gain nothing. If wages trail after prices, there are some things that trail after wages. House rent, fees of doctor or lawyer, taxes, all manner of salaries, the transportation charges for every article in the retail market—these remain on the former level after your wages have fallen. So that for everything the workingman gets from the classes behind him he pays more than he ought to. We have only to remember that many of these payments are concealed in the prices of the groceries or dry goods he buys, to perceive that lower prices at farm or factory do not at once mean cheap groceries, or fuel, or clothes, or furniture for the workingman. So that the wage-earner's interest, like that of any other producer, must always be not with the APPRECIATING gold dollar, but with the HONEST dollar bimetallism will give.

The argument that the workingman can grow fat while falling prices are crushing the life out of his employer does not fit easily in the mouths of men who have always told the workingman that the only way to benefit him was by making his employer prosperous by a protective tariff.

We insist that this whole question is A MATTER OF JUSTICE—of simple, strict and elementary justice. The American wealth producer should not be the object of mawkish sentimentality or blubbering philanthropy. The bread poultices and little pills of charity he abhors. He wants NOT ALMS, BUT OPPORTUNITY. To the well-meaning men who

offer him help, but deny him justice, he says—as said the sturdy Diogenes to Alexander: "Get out of my sunshine."

Philanthropic Goldite: "Well, my friends, I am sorry to see you this way. What can I do for you?"

Producers: "Just get out of our sunshine."

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